

NORTH FIGUEROA ASSOCIATION
REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Danny B. Reyes
Certified Public Accountant

NORTH FIGUEROA ASSOCIATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Table of Contents

	<u>Page</u>
Independent accountant's review report	1-2
Financial Statements:	
• Statement of Assets, Liabilities and Net Assets- Cash Basis	3
• Statement of Revenues, Expenses and Changes in Net Assets - Cash Basis	4
• Notes to Financial Statements	5-6
• Schedule of Functional Expenses - Cash Basis	7

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors

North Figueroa Association

Los Angeles, California

I have reviewed the accompanying statement of assets, liabilities, and net assets-cash basis (except for assessment receivable from the City of Los Angeles) of North Figueroa Association (a nonprofit organization) as of December 31, 2016, and the related statement of revenues, expenses and changes in net assets-cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Association's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting generally accepted in the United States of America; this includes determining that the cash basis accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation, and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion .

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

I draw attention the Note 3 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My conclusion is not modified with respect to this matter.

The information included in the accompanying schedule of functional expenses - cash basis is presented only for supplementary analysis purposes. Such information has been compiled from information that is the representation of management. I have not audited the supplementary information and I, do not express an opinion or provide any assurance on such supplementary information.



September 24, 2017

NORTH FIGUEROA ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
DECEMBER 31, 2016

ASSETS

Current Assets	
Cash in banks	\$ 235,155
Assessment receivable from the City of Los Angeles	<u>402,606</u>
Total Assets	<u><u>\$ 637,761</u></u>

LIABILITIES AND NET ASSETS

Liabilities	\$ -
Net Assets	
Unrestricted	<u>637,761</u>
Total Liabilities and Net Assets	<u><u>\$ 637,761</u></u>

See accountant's review report dated September 24, 2017.

The Notes to Financial Statements are an integral part of the financial statements.

NORTH FIGUEROA ASSOCIATION.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUES AND SUPPORT

Assessments	\$ 439,586	
Farmers' market stall fees	31,139	
Interest income	3,732	
Grants (Fig Jam)	20,650	
Other income	25	
Total Revenue and Support	495,132	\$ 495,132

EXPENSES

Salaries and wages	58,421	
Payroll taxes	4,616	
Payroll service fees	1,875	
Farmers' market expenses	26,774	
Grant expense (Fig Jam)	26,936	
Historic Lighting	469	
City of Los Angeles contingent fee	11,397	
Liability & health insurance	27,309	
Marketing and promotion	1,220	
Office supplies	786	
Professional fees	4,915	
Postage and delivery	1	
Printing & reproduction	788	
Bank service charge	65	
Telephone	3,714	
Maintenance contract	140,282	
Security	110,792	
Design & streetscape (Holiday Décor)	1,900	
Total Expenses	422,260	422,260

**EXCESS OF REVENUE AND SUPPORT
OVER EXPENSES FOR THE YEAR**

72,872

NET ASSETS, BEGINNING OF THE YEAR

593,606

Prior year's adjustment

(28,717)

NET ASSETS, END OF YEAR

\$ 637,761

See accountant's review report dated September 24, 2017.

The Notes to Financial Statements are an integral part of the financial statements.

**NORTH FIGUEROA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 - ORGANIZATION

North Figueroa Association (NFA) is a non-profit public benefit corporation incorporated in the State of California. It is organized under the Nonprofit Public Benefit Corporation Law of California for public and charitable purposes. NFA's main purpose is to manage the North Figueroa/Highland Park Property Business Improvement District (BID) which was formed under the City of Los Angeles' Landscaping, Security, Programming and Maintenance Property Business Improvement District Ordinance. Property owners in the district (inclusive from 5000 to 6103 North Figueroa) have determined to establish this district, in large part, to provide ongoing street and sidewalk cleaning, provide security, combat vandalism and graffiti, respond to landscaping issues, promote beautification efforts and to market and promote this historic business corridor.

The NFA is the management organization for the Highland Park Business Improvement District who acts "as an advocate for the North Figueroa property owners by empowering and aiding in the stimulation of growth, development, revitalization and maintaining the historic value of the North Figueroa Corridor." Among NFA's goals are to provide improvements and activities to assist in economic and commercial revitalization of and to bring about investment of public and private capital within the BID and surrounding areas.

The district had an original life of eight years that commenced on January 1, 2002 to December 31, 2009 but its contract was extended to another period of ten years to December 31, 2019.

NOTE 2 - REVENUE

The Association is funded, principally, from its share (as established by the BID ordinance) of taxes assessed on commercial property within the district, collected by the County of Los Angeles who distributes the assessments to the City of Los Angeles who in turn remits them to NFA. The annual revenues flowing to the district is based upon verified data with the Los Angeles City Clerk's Office and "existing property use conditions," as of February 1, 2001.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into accounts established according to their nature and purpose.

**NORTH FIGUEROA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Net assets and revenue, gains, expenses and losses are classified as unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of the Association. Temporarily restricted net assets consist of contributions that are subject to specific donor-stipulations or that expire by the passage of time. Permanently restricted net assets consist of contributions subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors permit the Association to use all or part of the income earned on these assets.

All net assets of the Association are unrestricted.

Income Taxes

The Association qualifies as a nonprofit organization under Section 501 (c) (3) of the Internal Revenue Code and Section 23701 of the California Revenue and Taxation Code and is not subject to income tax.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of and period covered by the financial statements, therefore, actual results could differ from these estimates.

Basis of Accounting

The Association's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

NOTE 4 – CASH IN BANK

At various times during the fiscal year, the Association's cash in bank balances exceeded the Federally insured limits. It is management's opinion, however, that the solvency of the bank is not of particular concern at this time.

**NOTE 5 - ASSESSMENT RECEIVABLE FROM THE CITY OF LOS ANGELES-
\$402,606**

This represents the amount of assessment funds which were for the year 2016 but was remitted to NFA only in 2017.

SUPPLEMENTARY INFORMATION

NORTH FIGUEROA ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 29,210	\$ 29,211	\$ 58,421
Payroll taxes	2,308	2,308	4,616
Payroll service fees	938	937	1,875
Farmers' market expenses	26,774	-	26,774
Grant expense (Fig Jam)	26,936	-	26,936
Historic lighting	469	-	469
Liability insurance & health insurance	13,654	13,655	27,309
Marketing and promotion	1,220	-	1,220
City of Los Angeles contingent fee	11,397	-	11,397
Office supplies	-	786	786
Postage and delivery			
Professional fees	-	4,915	4,915
Printing and reproduction	394	394	788
Filing fees			
Rent			
Miscellaneous	-	66	66
Telephone	1,857	1,857	3,714
Design & streetscape	1,900	-	1,900
Maintenance contract	140,282	-	140,282
Security	110,792	-	110,792
Total	<u>\$ 368,131</u>	<u>\$ 54,129</u>	<u>\$ 422,260</u>

See accountant's review report dated September 24, 2017

The Notes to Financial Statements are an integral part of the financial statements.

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